# EXHIBIT C

ASSURED GUARANTY®

April 5, 2017

José B. Carrión III
Andrew G. Biggs
Carlos M. García
Arthur J. González
José R. González
Ana J. Matosantos
David A. Skeel, Jr.

**Request to Revoke Certification of Fiscal Plan for Non-Compliance with PROMESA**

Dear Members of the Oversight Board:

This letter is being sent by Assured Guaranty Corp. and Assured Guaranty Municipal Corp. ("Assured") as insurer of approximately $1.75 billion of bonds issued or guaranteed by the Commonwealth of Puerto Rico, and approximately $1.947 billion[1] of secured revenue bonds issued by HTA, COFINA, PRCCDA, University of Puerto Rico and PRIFA.[2]

On March 13, 2017, the Financial Oversight and Management Board (the "Oversight Board") created by the Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA") certified the *Fiscal Plan for Puerto Rico* (the "Fiscal Plan"). On March 27, 2017, we and other creditors wrote to you requesting additional information concerning the Fiscal Plan and addressing its many deficiencies. We hereby write for the purpose of formally requesting that the Oversight Board revoke certification of the Fiscal Plan on the grounds of material non-compliance with PROMESA.

---

1 The figures herein include Assured's gross par exposure for (i) GO and PBA bonds insured by Assured and (ii) HTA, COFINA, PRCCDA, University of Puerto Rico and PRIFA bonds insured by Assured.

2 The points set forth herein are not intended to be a comprehensive list of all disputes Assured has concerning the Fiscal Plan (defined below). This letter does not purport to provide a full description of Assured's rights, claims, and respective positions regarding any rights or remedies with respect to particular resources or the treatment of such under PROMESA. Assured reserves all rights, and statements in this letter do not necessarily represent Assured's comprehensive view on a particular subject matter.

**Assured Guaranty Corp.**
1633 Broadway
New York, NY 10019
main 1 212 974 0100
fax 1 212 581 3268
info@agltd.com
AssuredGuaranty.com

As discussed in our previous letter, we believe the Fiscal Plan violates a number of mandatory statutory requirements included in PROMESA. Specifically, and without limitation;

- The Fiscal Plan states that it does not address issues related to the priority of debts protected by the Constitution or by liens. This omission violates PROMESA, which requires that any fiscal plan "respect the relative lawful priorities or lawful liens, as may be applicable, in the constitution, other laws, or agreements of a covered territory or covered territorial instrumentality in effect prior to the date of enactment of this Act." (PROMESA § 201(b)(1)(N).) Further, by providing that payment on public debt comes ***after*** all the Government of Puerto Rico's expenditures, the Fiscal Plan implicitly violates the Puerto Rico Constitution, which accords priority of payment to its general obligation debt.

- PROMESA § 201(b)(1)(B) provides that a Fiscal Plan "ensure the funding of essential public services." Title II of PROMESA stipulates processes for ensuring a reduction in Government costs and elimination of structural deficits. The Fiscal Plan leaves in place a pro forma level of Government expenses before payment of public and other debt that is ***not lower than 2016, and does not attempt to differentiate between expenses for essential services and expenses for non-essential services.*** (*See* Fiscal Plan at 6.). As certified, the Fiscal Plan implies that ***all*** non-debt expenses are paid before ***any*** payments are made for debt service, yet nowhere has the Fiscal Plan, the Oversight Board or the Government of Puerto Rico explained the legal or commercial basis for this. This effective and illegal subordination of public and other debt under the Fiscal Plan leaves enough available cash to pay only a fraction of such debt service against a backdrop of the highest level of collected Government revenues in Puerto Rico history.

- Congress stated that the purpose of any fiscal plan is to provide Puerto Rico "a method to achieve fiscal responsibility and access to the capital markets." (PROMESA § 201(b)(1).) Indeed, the Government of Puerto Rico's ability to access the capital markets goes hand-in-hand with its ability to implement pro-growth measures, and therefore successfully implement the Fiscal Plan. Unfortunately, the Oversight Board, in ostensibly imposing a debt restructuring framework on creditors through a Fiscal Plan that violates PROMESA, undermines investor confidence in Puerto Rico's commitment to paying debts and respecting creditor rights, impairing Puerto Rico's capital market access for the foreseeable future.

- Assured maintains that the diversion of collateral securing bonds issued by HTA, PRCCDA and PRIFA (each, an "Authority") is illegal and therefore, the Fiscal Plan violates Sections 201(b)(1)(M) and (N) by transferring such revenues to the Commonwealth and failing to respect lawful liens and priorities. While some creditors have differing views as to COFINA, a major group of COFINA Bondholders maintain that the

Fiscal Plan violates Section 201(b)(1)(M) by transferring COFINA's property to the Commonwealth's General Fund and violates Section 201(b)(1)(N) by failing to respect the COFINA bondholders' lien on the assigned revenues granted to COFINA. The Oversight Board does not take a position on either of these disputes. In order to comply with PROMESA, the Fiscal Plan, as a condition to certification, is required as a matter of law to respect lawful statutory priorities and lawful liens. Resolving which liens and statutory priorities are lawful is a mandatory component of the Oversight Board's certification determination.

- The Government of Puerto Rico and the Oversight Board suggest that the Fiscal Plan does not determine "the scope, timing, or specific use of revenues to be frozen or redirected as 'claw back' revenue." (Fiscal Plan at 6.) While some creditors have differing views as to the nature of their rights regarding these funds,[3] we agree that the Fiscal Plan improperly provides that revenues generated by a valid claw back may be disposed of at Puerto Rico's discretion. Former Governor García Padilla acknowledged the impropriety of this unrestricted use of "claw back" revenue in Administrative Bulletin No. OE-2015-046, which stated that any funds clawed back and "retained by the Department of Treasury shall be held in a segregated account and shall only be used" for the payment of public debt. The current administration recognized the same when it announced it would segregate clawed back revenues in a trust for the payment of "constitutionally guaranteed general obligation bonds."[4] The Fiscal Plan, however, assumes that the revenues may be clawed back (without establishing the conditions allowing for a claw back), and furthermore does not segregate clawed back revenues for the payment of public debt. In so doing, the Fiscal Plan violates PROMESA Section 201(b)(1)(A)(i), and Puerto Rico law.

****

If Puerto Rico is to regain credibility, secure market access for further investment, ensure retention of its residents, and gain support for an improvement in its standing as a potential State, it and the Oversight Board in its supervisory role, ***must*** begin by restoring and respecting the rule of law. The current Certified Fiscal Plan fails to respect both Puerto Rico's own Constitution and United States federal law, including PROMESA. Assured respectfully requests that the Oversight Board revoke certification of the March 13, 2017 Fiscal Plan on the grounds that the Certified Fiscal Plan fails to comply with, and fails to even attempt to comply with, the mandatory statutory requirements prescribed by Section 201(b)(1) of PROMESA, and that such certification was therefore illegal. Assured further requests that the Oversight Board and the Government of Puerto Rico commence the process of developing a compliant and certifiable fiscal plan, the establishment of an appropriate reduced budget for essential services, and the direct

---

[3] It bears repeating that this letter does not purport to encompass the full scope of Assured's legal position, and each Assured hereby reserves all rights regarding these and other issues.

[4] Sánchez Provides Update on $146M GO Payment Trust Fund, Reorg Research, Feb. 15, 2017.

negotiation of a possible consensual restructuring of Puerto Rico's debt. We believe this will form a basis to significantly advance toward our shared goals of reaching expeditious and consensual resolutions under Title VI of PROMESA, and of long term stability and economic growth for Puerto Rico.

Sincerely,

Dominic J. Frederico
President and Chief Executive Officer